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**moffat
communications limited**

INTERIM REPORT

SIX MONTHS ENDED FEBRUARY 28, 1973

moftat communications limited

INTERIM FINANCIAL REPORT (Unaudited) FOR THE SIX MONTHS ENDED FEBRUARY 28, 1973

CONSOLIDATED SUMMARY OF INCOME		1973	1972
		(000 omitted)	
Gross Revenue from operations		\$5,222	\$3,028
Expenses:			
Operating expenses	3,327	1,973	
Depreciation and amortization	435	310	
Interest on long term debt	244	208	
Income taxes	609	278	
	4,615	2,769	
Income before the undernoted items	607	259	
Share of net income of affiliates	53	166	
Minority interest in net income of subsidiary	39	15	
	14	151	
NET INCOME	\$ 621	\$ 410	
Net Income per share (see note)	41.4c	27.3c	
CONSOLIDATED SUMMARY OF FUNDS		1973	1972
Funds Provided:			
From operations	\$1,120	\$ 742	
Working capital of subsidiary at date of acquisition	293	-	
Term bank loan	3,000	82	
Interest added to long term debt	71	35	
Other	12		
Total funds provided	4,496	859	
Funds applied:			
Purchase of shares in subsidiary	2,900	-	
Capital expenditures	595	482	
Dividends	90		
Advance to affiliate	92		
Retirement of long term debt	37	6	
Repayment of shareholder loans	-	104	
Public issue expenses	41		
	3,755	592	
Increase in working capital	741	267	
Working capital (deficiency) beginning of period ..	(94)	357	
Working capital, end of period	\$ 647	\$ 624	

NOTE: On September 20, 1972, the capitalization was changed from 1,142,528 common shares to 1,500,000 common shares. Earnings per share for both 1973 and 1972 are based on 1,500,000 shares outstanding.

TO THE SHAREHOLDERS OF MOFFAT COMMUNICATIONS LIMITED

Consolidated net earnings of the Company and subsidiaries for the six months ended February 28, 1973 amounted to \$621,000 or 41.4 cents per share (unaudited).

As provided in the purchase agreement, the results of operations of CJAY-TV, serving Winnipeg and Brandon, have been included from September 1, 1972, although the closing of the transaction took place on December 15, 1972, from which date interest on the term bank loan became payable. If the gross revenue of CJAY-TV had been included on a comparable basis in the 1972 figures, the gross revenues of the Company increased 11% over those of 1972.

The purchase of CHFM-FM, Calgary, has been completed and the studio equipment moved to the CKXL premises. The Winnipeg radio station building has been sold and CKY-AM and FM studios and offices will be relocated by approximately June 30, 1973, when new modern facilities are completed at the CJAY-TV building.

Winnipeg Videon Limited (80% owned) has agreed to rent from Manitoba Telephone System a microwave link to transmit from a point near the U.S. border to its present head end, the distant TV signals which it now carries on the Winnipeg CATV system. The 51,839 subscribers now served will receive improved reception quality of these distant signals for the same subscriber fee commencing September 1, 1973, if the requisite approvals are received by that date from the CRTC.

The Department of National Revenue has given notice of its intention to re-allocate between depreciable and other assets the purchase price received by the Company on the sale of CHAB/CHRE-TV to the Canadian Broadcasting Corporation and of its intention to issue a notice of re-assessment of income tax and interest in that regard. The Canadian Radio-Television Commission in 1969 denied an application by a third party to purchase the stations and we were, in effect, forced to sell the stations to the CBC at its price. We believe our allocation of the purchase price was fair and reasonable and are resisting the proposed re-assessment. We cannot forecast at this time what will be the ultimate disposition of this matter, but, if a notice of re-assessment is issued and the Company is unable to have it set aside, the amount of additional tax which would be payable will not affect the operations of the Company.

Your Directors declared a dividend of 3c per share payable on May 31, 1973, to shareholders of record May 1, 1973.

J. RONALD MITCHELL
President